



END OF SESSION – SCHOOL FINANCE LEGISLATION

Description: During the 2017 Legislative Session, the following legislation was approved that impacts school finance in FY 2018.

- [Senate File 166](#) (School Supplemental State Aid, Regular and Categorical Reform) establishes the supplemental State aid (SSA) rate for the State cost per pupil at 1.11%, the State categorical cost per pupil at 1.11%, and the property tax relief payment at \$83 per student for FY 2018. See the [Fiscal Note](#) for more information. This Act was signed by the Governor on February 8, 2017.
- [Senate File 516](#) (Standing Appropriations) reduces total Area Education Agency (AEAs) funding by an additional \$15.0 million, to be prorated between the AEAs by the Department of Management. This Act was approved by the General Assembly on April 21, 2017.
- [House File 564](#) expands acceptable uses of professional development, at-risk, and preschool categorical funds. The Act also allows school districts to transfer General Fund dollars to the student activity fund for the purpose of purchasing safety equipment. This Act was approved by the General Assembly on April 19, 2017.
- [House File 565](#) creates a flexibility spending account, into which school districts may transfer certain unexpended fund balances, including preschool, professional development, at-risk, home-school assistance (HSAP), or any fund that has been repealed or is no longer in effect. The collected funds may be used for preschool, professional development, HSAP, at-risk, gifted and talented programs, or any district general fund purpose. This Act was approved by the General Assembly on April 19, 2017.

Fiscal Impact: There is no expected fiscal impact to the State for HF 564 or HF 565. The combined fiscal impact of SF 516 and SF 166 brings the State aid to schools from the General Fund to an estimated total of \$3.184 billion for FY 2018. This includes:

- Estimated total AEA funding of \$217.2 million, an increase of \$7.8 million compared to FY 2017.
- An increase in categorical funding of \$60.7 million, primarily due to the increase in teacher leadership and compensation funding. FY 2018 is the final year of roll-in to the State aid formula for this categorical fund.
- Preschool funding of \$78.1 million, an increase of \$1.7 million from FY 2017.
- An increase in the property tax replacement payment to \$83 per student, bringing the cost of the program to \$46.7 million in State aid.

Based on the 1.11% SSA rate set in SF 166, the Legislative Services Agency (LSA) estimates an increase in property taxes of \$55.4 million to an estimated total \$1.477 billion to fund schools in FY 2018.

Final FY 2018 school aid amounts will be determined by the Department of Management.

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